

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

November 12, 2002
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Degginger, and Councilmembers Creighton, Davidson, Lee¹, Mosher, and Noble

ABSENT: None.

1. Executive Session

Deputy Mayor Degginger opened the meeting at 6:00 p.m. and announced recess to executive session for approximately one hour to discuss one item of property acquisition and one item of potential litigation.

The study session resumed at 7:35 p.m. with Mayor Marshall presiding. Mrs. Marshall announced that Qwest has proposed amendments regarding the City's purchase of its building in downtown Bellevue. The City is in the process of evaluating these amendments. Because the changes proposed by Qwest involve property acquisition, Council will not publicly discuss them tonight. Mayor Marshall said Council is not in a position to take final action on the transaction as currently presented. She requested a motion to postpone the matter until the November 18 meeting.

- ☛ Dr. Davidson moved to postpone consideration of Agenda Item 3(d), Public Safety/Civic Center Purchase, to November 18, and Mr. Creighton seconded the motion.
- ☛ The motion to postpone consideration of Agenda Item 3(d), Public Safety/Civic Center Purchase, to November 18 carried by a vote of 7-0.

2. Oral Communications

- (a) Ken Seal questioned why there have been no public hearings on the City's potential acquisition of the Qwest Building in downtown Bellevue. He encouraged the opportunity for public involvement in the process to help residents better understand the City's needs related to this project.

¹ Mr. Lee arrived at 6:16 p.m.

- (b) Scott Leonard expressed concern that the preliminary capital budget reflects reduced funding for parks but no reductions for capital projects related to water, sewer, and storm drainage utilities. He hopes expenditures on utility infrastructure will ultimately lead to lower utility costs for residents. Noting voter approval of the recent parks maintenance and operations levy, Mr. Leonard encouraged the City to use the funds for maintenance only and not for other park projects.

Mayor Marshall announced the opening of the new Meydenbauer Bridge today. She commended Transportation Department staff for involving the community in the design of the new bridge. Mrs. Marshall thanked residents for their patience during construction and their attendance at today's celebration. She noted the City received approximately \$2 million through a federal grant to rebuild the bridge, which was completed one month ahead of schedule and within budget.

3. Study Session

(a) Council New Initiatives

Mr. Noble encouraged Councilmembers to attend the annual meeting of the Eastside Human Services Forum on November 13.

- (b) Ordinance No. 5414 adopting the recommendations for the use of 2003 Community Development Block Grant (CDBG) funds as transmitted by the Human Services Commission; authorizing and directing submittal of a proposal to and acceptance of a grant award contract with the U.S. Department of Housing and Urban Development; creating a new project series within the Operating Grants and Donations Fund; amending the budget for the Operating Grants and Donations Fund by appropriating additional revenues to that Fund; and authorizing the execution of contracts with sub-recipients.
(Council reviewed this proposal at the November 4 Study Session. Agenda materials are a reprint.)

Emily Leslie, Human Services Manager, recalled the presentation of the Human Services Commission's funding recommendations, including the use of Community Development Block Grant (CDBG) funds, at the November 4 Study Session.

➡ Dr. Davidson moved to adopt Ordinance No. 5414, and Mr. Mosher seconded the motion.

➡ The motion to adopt Ordinance No. 5414 carried by a vote of 7-0.

Mayor Marshall extended Council's appreciation for the hard work of the Human Services Commission.

- (c) Resolution No. 6774 authorizing execution of a professional services agreement for design, permitting, and construction support required for the replacement of

Pump Station No. 12 in the *West Lake Sammamish neighborhood* with CHS Engineers in the amount of \$111,000. (CIP Plan No. S-16)
(*Deferred from the November 4 Consent Calendar; a revised Agenda Memo is provided.*)

City Manager Steve Sarkozy noted this item was pulled from the November 4 Consent Calendar.

Utilities Director Lloyd Warren commented on the need to contract for the engineering expertise required for the replacement of Pump Station No. 12 in the West Lake Sammamish neighborhood. He explained that rehabilitation work within an existing structure presents design challenges as well as an expanded engineering effort and increased costs. He distributed copies of a cost containment study completed in 1995 to compare engineering costs for new construction and rehabilitation projects. Mr. Warren noted that the estimated cost of the Pump Station No. 12 replacement project falls within the range indicated in the study.

➡ Mr. Mosher moved to approve Resolution No. 6774, and Mr. Noble seconded the motion.

➡ The motion to approve Resolution No. 6774 carried by a vote of 6-1 with Deputy Mayor Degginger dissenting.

(d) Public Safety/Civic Center Purchase

[Discussion of this item was postponed to November 18.]

(e) Budget Review Session

Interim Finance Director Brad Miyake reviewed a November 8 memo to Council in response to questions posed at the November 4 budget review session. He referenced Attachment A in which the City Manager responds to Council's request for alternatives to the proposed transfer of \$2.5 million in Excess Reserves to balance the 2003 General Fund budget. The memo indicates that alternative budget reductions would result in service level reductions and requests Council direction if this course of action is desired. The 2003-2004 General Fund budget also proposes permanent expenditure reductions totaling \$2.9 million.

Dr. Davidson said he generally is not comfortable using reserve funds for the operating budget. However, he understands the reserves result from excess revenues. He will study the budget further to identify opportunities for reductions without adversely affecting service levels. Deputy Mayor Degginger concurred.

Mayor Marshall is not opposed to a one-time use of reserve funds for this purpose. However, she is concerned about the uncertainty of the economic future.

Mr. Miyake said Excess Reserves are available in the General Self-Insurance Fund due to money set aside for the temporary help lawsuit. The lawsuit has been settled and staff recommends returning the funds to the General Fund.

Deputy City Manager Ed Oberg explained that the City has various reserves in multiple funds and minimum reserve levels are established by formula. An actuarial review has determined that the City is holding \$2 million more than it needs in the General Self-Insurance Fund. In addition, \$500,000 in excess funds have been identified in the Local Improvement District Guarantee Fund. Therefore staff recommends returning the funds to the General Fund. No repayment will be necessary since the reserves are considered excess. Mr. Oberg said all reserves are evaluated annually and adjusted accordingly.

Mr. Creighton conceded that the use of reserves solves the City's immediate budget problems. However, he is reluctant to establish a situation in which the City's expenditures exceed revenues. Mr. Degginger agreed.

Responding to Mr. Mosher, Mr. Miyake said the financial forecast anticipates increased revenues by 2005 and beyond (Preliminary Budget, Volume I, page 2-9).

Mayor Marshall noted Council consensus to identify budget reductions that will preclude the use of reserves.

Moving on, Mr. Miyake referenced Attachments B and C in response to Council's request for more information on the \$700,000 Municipal Court Alternative placeholder. Jocelyn Mathiasen, Assistant to the City Manager, recalled that the court contract with King County expires as of January 1, 2005. Staff continues to study alternatives and the budget placeholder was established to cover potential start-up costs.

Responding to Mr. Degginger, Ms. Mathiasen said other cities have not allocated funds in their near-term budgets for this purpose because they are too small to operate an independent court system. The solution for smaller cities will be to continue contracting with King County or establish a multi-jurisdiction court.

Mr. Miyake said staff will discuss limited-term employee (LTE) reductions in the Planning and Community Development Department at the November 18 Council session on development review fees.

Mr. Miyake referred Council to Attachment D for a review of average monthly utility bills since 1990.

Mr. Creighton itemized rate increases for each utility over the past 10 years and noted an average annual increase of six percent. The City has held the line on property taxes for the past several years but utility rates continue to increase. He expressed frustration with the increases being passed on by suppliers.

Mr. Warren said current financial policies were adopted in 1995. Before 1995, Council chose to keep sewer rates from increasing by using reserves. Since 1995, storm and surface water rates have essentially followed inflation. Increases in sewer and water wholesale costs have contributed to increased utility taxes and the need to increase reserves.

Responding to Mayor Marshall, Mr. Warren said a significant portion of utility costs are related to infrastructure rehabilitation.

In response to the request for alternatives to the proposed reduction in reservoir landscape maintenance, Mr. Miyake referred Council to Attachment D. Mayor Marshall indicated a preference for the original proposal instead of the alternatives presented in the memo.

In response to Mr. Degginger, Mr. Warren said fire hydrants are painted two colors to distinguish between the two types of hoses that can be connected. Fire Chief Pete Lucarelli said bright yellow is the preferred color to aid in identification. He said painting and maintenance is critical in terms of making the hydrants visible for emergency personnel. The City will gradually transition to yellow fire hydrants.

Turning to the last question, Mr. Miyake noted Attachment E for a discussion of alternatives to the Park Department's proposed reduction in parking monitoring contracts. Parks Director Patrick Foran reviewed the alternative to reduce the annual irrigation budget for the street tree program.

In response to Mayor Marshall, Councilmembers concurred with the alternatives to continue parking monitoring activities at Downtown Park and the Ashwood site only and to reduce street tree irrigation.

(1) Economic Development

Planning Director Dan Stroh described a series of proposed economic development investments within the operating budget:

- Crossroads Redevelopment – Proposed City investment of \$50,000.
- Small Business Assistance – Partnership with Bellevue Community College, University of Washington, Small Business Administration, and Crossroads and Factoria businesses to be called Bellevue Entrepreneur Center. Proposed City investment of \$10,000 per year for two years to provide technical assistance to small businesses.
- Economic Development Marketing Tool/GIS Web Browser – Interactive, Web-based tool (based on City's existing GIS investment) to locate and market Bellevue commercial properties. A similar model program is in use in a few cities. Proposed City investment of \$50,000.
- Placeholder investment for Economic Development program – Initiated by City Manager to retain jobs and attract new employers. Proposed City investment of \$75,000 per year for two years.
- Stream Reach Studies – Conduct biological and technical studies of streams under Kelsey Creek Shopping Center and City Hall to determine feasibility of opening the streams and to evaluate mitigation measures related to development. Proposed City investment of \$40,000.
- NE 8th Street/Wilburton Gateway Revitalization – Proposed City investment of \$50,000.

- Bellevue Economic Partnership – Continued partnership with Chamber of Commerce, Bellevue Downtown Association, and Port of Seattle with annual City investment of \$20,000. Staff proposes an additional one-time investment of \$60,000 for a targeted marketing effort to attract employers.
- King County Economic Development Council – Continued participation in regional economic development activities with an annual City investment of \$10,000.

Moving to CIP Plan economic development investments, Mr. Stroh described a proposal encompassing Downtown Implementation Plan Early Action Items totaling \$1.3 million. The DIP Citizen Advisory Committee will finalize its recommendations to Council in early 2003. Staff proposes a placeholder investment to ensure public and private development is consistent with the plan's direction. Examples of potential initiatives include district design guidelines, zoning incentives, parking amendments, pedestrian crossings, and on-street parking. This proposal includes approximately \$700,000 in the Transportation CIP Plan for early design studies.

The second CIP investment proposal relates to downtown parking and the creation of a Park Once District. Staff recommends a reduction in the existing \$750,000 CIP downtown parking project, leaving \$375,000 to be reprogrammed into this effort. The initiative is designed to utilize the existing parking supply to provide opportunities for parking once and walking to multiple downtown amenities. The City will work with downtown property owners to implement this program and to provide signage and marketing activities to enhance public access to parking options.

Councilmember Lee expressed support for an emphasis on economic development. He would like to see additional specific recommendations for Council consideration.

Deputy Mayor Degginger is pleased that the proposed economic development investments are distributed throughout the community.

Mr. Creighton questioned the inclusion of the stream reach studies. Planning and Community Development Director Matt Terry said the streams are in culverts under Kelsey Creek Shopping Center and City Hall. The Land Use Code permits the PCD Director to modify setbacks from these sensitive area corridors for development based on the results of a technical stream reach study. The purpose of this item is to complete the needed technical work to facilitate an evaluation of appropriate setbacks.

Mr. Mosher expressed support for the overall economic development proposals presented.

(2) Capital Investment Program (CIP) Plan

- (a) Ashwood Park Proposals Update *(At the October 7 Regular Session, Council directed that this item be brought back for discussion at Study Session, which is being done in the context of tonight's CIP discussion. No action is required this evening.)*

Mr. Foran explained that this agenda item is brought forward in response to Council direction at the October 7 Regular Session that staff provide further discussion of the Ashwood Park planning status, downtown parks and community services needs, and related Su Development proposals. He requested Council consideration of the following policy questions:

1. Should the City continue FAR (floor-area ratio) negotiations with Su Development regarding the 1020 Tower Project and related improvements?
2. Should the City make a financial commitment to provide community center facilities in the downtown at this time?
3. Should the City pursue the Su Development offer of purchasing 15,000 square feet of community center and parking space in the 1020 Tower?

Mr. Foran provided background information on the Ashwood site. In 1986, the City and King County jointly acquired the Ashwood school site for the purpose of constructing a regional library and public park. In 1990, a joint planning effort resulted in a plan to integrate the library, park, plaza, community center, and parking. Construction of the library and plaza, and interim development at Ashwood Park, was completed in 1996.

Mr. Terry reviewed current FAR discussions with Su Development. He recalled staff's discussion with Council earlier this year regarding Mr. Su's development and his potential purchase of FAR, or development intensity, that could be transferred to his property as well as technical amendments he was requesting. Mr. Su is no longer interested in transferring the FAR/development intensity from the City-owned parcel to his property. His current proposal is to use his own parcel for purposes of building height and intensity calculations. Mr. Su is interested in using the City-owned parcel for underground parking. He wants to build his building to the zero-setback line, which would require the City to impose on itself a 20-foot no-build easement applicable to the corner parcel and the east property line. Mr. Terry said the proposal will be ready for presentation to Council in late fall or early 2003.

Mr. Foran noted the ongoing goal to establish a community center in the downtown. He said the only potential site identified to date is the Ashwood site. In June of 2002, Su Development submitted a proposal to sell 15,000-square feet within its building to the City for use as a community center. Independently, Mr. Su is planning to develop a performing arts theater in the tower.

Mr. Foran said the City's investment for the 15,000-square feet proposal is estimated at \$5 to 7 million, which includes supporting parking facilities. Staff recommends continued negotiations related to the Su Development 1020 Tower project. Staff further recommends the City: 1) not pursue Mr. Su's offer to sell community center space in the building, 2) continue to work with the library to determine if future joint facilities are feasible, and 3) remain open to partnership and acquisition opportunities to provide a community center in the downtown. Updating the master plan should be deferred until funding is available to implement elements of the plan.

Mr. Mosher concurred with staff's recommendation.

Mayor Marshall described an email from an adjacent condominium owner alleging that the 1020 Tower project becomes taller if the City grants the transfer of FAR for the site. Mr. Terry said the discussions underway will not alter the allowed building height or number of units to be constructed. A maximum height of 200 feet is allowed.

Dr. Davidson noted the February 2003 ballot measure to expand Bellevue Regional Library and questioned the implications for the Ashwood Master Plan. Mr. Foran said the bond issue is not definite at this point.

Mayor Marshall declared a break at 9:18 p.m. The meeting resumed at 9:28 p.m.

(3) Preliminary Budget Document Review – Volume II

Joe Guinasso, Interim Budget Manager, reviewed the 2003-2009 Preliminary Capital Investment Program (CIP) Plan. He noted the following adjustments to the Plan following Council's October 1 Budget Retreat: 1) reversed proposed reductions to the Neighborhood Enhancement Program (NEP) and parks property acquisitions and reinstated the items into the plan, 2) modified the Neighborhood Investment Strategy to emphasize the implementation of improvements over planning studies, and 3) reprioritization of some Transportation and PCD projects. Mr. Guinasso explained that Volume II contains a project status matrix within each program to provide more details on CIP projects.

Responding to Mayor Marshall, Mr. Miyake said the "total estimated cost" on page 2-9 (Preliminary Budget Document, Volume II) represents expenditures to date for each parks project plus 2003-2009 CIP amounts. Mrs. Marshall noted the page could be misinterpreted to indicate the Parks budget is being cut by \$44 million. Mr. Miyake agreed and clarified that the Parks CIP Plan is actually experiencing a reduction of \$4.4 million, which is comparable to reductions in all departments. Mayor Marshall emphasized Council's ongoing commitment to parks funding, which represents 21 percent of the proposed CIP Plan.

Councilmembers reviewed Volume II by section and staff responded to questions.

Responding to Deputy Mayor Degginger, Mr. Foran said sidewalks associated with Lewis Creek Park are being coordinated by Transportation and Parks staff. The sidewalks will be funded from the Parks CIP Plan.

In response to Mr. Degginger, Transportation Director Goran Sparrman said the budget item for ongoing studies is used for necessary planning activities such as the annual State of Mobility Report, recosting of CIP projects, and analysis associated with the Transportation Facilities Plan. Staff will provide details on the use of this budget item in recent years.

Mr. Noble referenced page 4-18 and suggested reducing Transportation Demand Management funding from \$80,000 to \$50,000-60,000. Mr. Sparrman said past TDM measures have been primarily associated with BROTS (Bel-Red Overlake Transportation Study) implementation. Mr. Mosher noted that one goal of TDM measures is to reduce demand for transportation projects.

- Dr. Davidson moved to extend the meeting to 11:00 p.m., and Mr. Mosher seconded the motion.
- The motion to extend the meeting to 11:00 p.m. carried by a vote of 7-0.

Mr. Noble referenced the 20th Street project (between 140th and 148th Avenues) on page 4-31 and questioned the accident rate on this roadway. Mr. Sparrman said this project has been planned for some time due to a congested two-way left-turn lane on this segment of road. The project will correct left-turn pocket conflicts and a federal grant has been received to help complete the improvements.

Mr. Creighton referenced page 4-37 and questioned the purpose of the West Lake Sammamish study. Mr. Sparrman said Council added this project to the CIP Plan two years ago and directed staff to refine the previous 1996 study and to work with the neighborhood to devise a feasible plan. He said parking and drainage are major issues in this planning effort. He clarified the City is not looking to widen the road.

Mayor Marshall referenced page 4-21 and questioned the cost sharing arrangement for the project on 150th Avenue (Newport Way to SE 36th Street). Mr. Sparrman confirmed that King County will share in the increased costs.

Responding to Mr. Degginger, Mr. Sparrman referred to page 5-21 and said the project at Lakemont Boulevard and Village Park Drive includes a traffic signal and measures to optimize channelization and pedestrian movements.

Mr. Noble expressed concern about \$153,000 budgeted for a walkway pre-design project along NE 24th Street (Page 6-19). Mr. Sparrman said the Transportation Commission received a fair amount of testimony in favor of this project. He said the pre-design phase is necessary in order to accurately estimate costs. Residents have requested a sidewalk along one side, a multi-purpose trail on the other side, and a pedestrian crossing at the top of the hill. Responding to Mr. Creighton, Mr. Sparrman said impacts on utilities will be considered as part of the pre-design phase.

Mr. Noble referenced the 140th walkway project listed on page 6-27 which has been requested by residents and supported by the Transportation Commission. He is concerned that the project is now unfunded and suggested putting in an asphalt trail. Mayor Marshall noted that she and Deputy Mayor Degginger raised this same issue at the Mayor's Meeting.

Mr. Sparrman commented on the dilemma in dealing with different interests within the community. Also, staff wants to ensure that a short-term solution does not conflict with an ultimate long-term plan.

Deputy Mayor Degginger is concerned about pedestrian safety along the road and would like the City to install the trail rather than spend time and money to study the issue.

Mr. Mosher noted the potential for lawsuits if walkways are not designed to specific standards. Mr. Sparrman concurred that the City needs to be careful to address legal and safety issues including related issues of driveway access and bicycle safety.

Turning to page 7-9, Mr. Noble questioned the implications of the proposed reduction in the street overlay program. Mr. Sparrman said the short-term effect will be to overlay fewer lane miles per year. Over time, however, the cost of resurfacing potentially increases as street conditions deteriorate and require rebuilding.

Mayor Marshall moved to discuss the impacts of voter approval of Initiative 776. Staff had cautioned that approval of the initiative would require a reduction of \$1 million in the CIP Plan.

Mr. Sparrman said legal challenges to the initiative are likely. However, staff has had preliminary discussions about possible reductions. Staff recommends against cuts to projects in the design, right-of-way, or construction phase. It is important to follow through on these commitments to the public. Staff further recommends against cuts to proposed new projects in West Lake Hills, noting the City's commitment to residents. Mr. Sparrman said logical candidates for budget reductions are studies that have not yet been initiated, such as the Lakemont Boulevard Pre-Design Study, and short-term maintenance activities. Staff will consult with the Transportation Commission to identify appropriate reductions.

Mayor Marshall endorsed staff's plan to consult the Transportation Commission for recommendations.

In response to Mrs. Marshall, Mr. Sparrman said Transportation staffing needs will likely decline beginning in 2004 or 2005 based on the CIP Plan.

Moving to Parks, Mayor Marshall noted the Open Space Acquisition account will not be funded after 2003 due to voter rejection of the recent parks and open space bond.

Referring to page 8-27, Mrs. Marshall asked whether the Native Growth Protection Areas (NGPA) program has sufficient funding. Mr. Foran said there are sufficient funds to follow through with NGPA transfers in progress. However, there is no funding beyond 2004 to accept new NGPA properties.

Responding to Mayor Marshall, Mr. Foran said the reduction of one or two Parks staff positions is anticipated beginning in 2006 based on the current CIP Plan.

Moving to the General Government section, Deputy Mayor Degginger questioned the project to track the CIP Plan. Mr. Miyake said this is an ongoing project, established by Council direction, that pays Finance Department staff to manage and monitor the CIP Plan.

Mr. Degginger questioned the hiring of a consultant to assess parking needs on the City Hall campus. Frank Pinney, Facilities Planning and Development Manager, said a low-cost study (\$3,000-4,000) was conducted to examine options for increasing the number of parking stalls at

the least cost. He noted the Transportation Department's Parking Program paid for the study and can provide additional details.

Mr. Lee questioned the CIP contingency summarized on page 10-11. Mr. Miyake said this item was added to the CIP Plan based on comments from Council earlier this year. Mr. Lee feels the fund is inconsistent with the proposal to reallocate excess reserves to the operating budget. Mr. Sarkozy recalled that Council was interested in a contingency fund to allow the addition of newly emerging, unanticipated projects during the six-year CIP Plan.

Councilmembers agreed to continue their review of the second half of Volume II at next week's meeting.

At 10:55 p.m., Mayor Marshall declared the meeting adjourned.

Myrna L. Basich
City Clerk

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